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The government announced on Monday the revival of the so-called (in its words) “landmark” Pensions Commission. It stated that this is required to address the fact, as things stand (in their estimate), that people retiring in 2050 will be 8% worse off than today’s pensioners.

In the same announcement, the government celebrates the supposed success of automatic enrolment in increasing the number of people saving into pensions. However, it failed to ask the most important question of all, which is why, despite all this, the pension system is still heading for failure.

Let me unpack what’s really going on.

First, the government’s thinking remains locked into the idea that saving in financial assets – primarily shares and bonds – is the best way to secure income in old age. This assumption is that these assets will consistently generate sufficient returns, including gains, to support the increasing number of people in retirement. However, this belief is a fiction, particularly in a failing neoliberal world that is facing a massive change in demographics and climate change, which will fundamentally alter the value of many existing companies.

Second, the stock market is not a benevolent machine that delivers pensions out of the goodness of its heart. It is a speculative, extractive mechanism whose real returns over time depend on the next generation of savers pumping in even more money to keep the whole thing afloat. That’s not a pension system. That’s a Ponzi scheme dressed up in pinstripes, which is bound to fail as the number of people in the younger generation declines, as we know it will.

Third, if the current system was working, there would be no need to relaunch this Commission. The whole reason that this announcement was made is because the system is clearly failing. Millions of people – especially the self-employed, ethnic minorities, low earners and women – are falling through the cracks, as the government admits. This failure is not accidental. It’s baked into the savings-backed structure. It also reflects the choice of those who have an option to avoid what they see to be a failed mechanism for pension provision, which is something the government refuses to acknowledge.

Fourth, while the government talks about the “success” of auto-enrolment, what it really means is that more people are being forced to direct more of their wages into propping up the financial system in what is, in effect, a forced additional tax payment, without having anything that actually guarantees them a decent retirement. Half of workers contribute only the minimum. Many save nothing. And who can blame them, when they are, in reality, struggling to make ends meet today?

Fifth, let me be clear about where this leads. The government will almost certainly conclude that retirement ages must rise again because, under this broken model, it’s the only way to delay the inevitable shortfall built into the system they are creating. So once again, the burden will fall on ordinary people, not on those who designed this failure.

There is, however, an alternative, but it requires revisiting first principles.

The real pension contract, as I argued recently, is not about financial assets. It’s a social contract between generations. Those in work today support those in retirement, in the expectation that the next generation will do the same. This has always been the only mechanism that works, and it depends on intergenerational trust, not share prices.

This government announcement pretends that private savings will solve a problem that is fundamentally collective. It ignores the fact that the economy has already failed to deliver decent wages, housing, or stability to today’s workers. It now wants to push them into feeding the City with more cash, all for the illusion of future security.

We need a system that puts the wellbeing of people before the returns of financial markets.

So what should be done?

* We need a living state pension that guarantees security in retirement for all, paid from tax revenues and is not one dependent on luck in financial markets.

* We need a radical rethink of wealth taxation so that those who have accumulated assets contribute to the needs of those who have not.

* We need investment in care, housing, and services that actually sustain older people, not more financial products that enrich fund managers.

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And we need to stop pretending that a broken model can be made to work just by relaunching a Commission.

Reviving the Pensions Commission may provide cover for hard decisions yet to come. But it is not a solution. We need political courage, not another technocratic review, to say what must now be said: the financialised pensions experiment has failed.

It’s time to fund retirement as part of a just society and not via a speculative game that is inevitably destined to fail.